

Message Text

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PAGE 01 VALLET 00296 141406Z
ACTION EUR-12

INFO OCT-01 ISO-00 EB-08 XMB-02 COME-00 OPIC-03 L-03 /029 W
-----141411Z 023708 /42
R 141346Z MAR 77
FM AMEMBASSY VALLETTA
TO SECSTATE WASHDC 7277

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E.O. 11652: N/A
TAGS: EFIN, EINV, MT
SUBJECT: EXIM BANK CLAIM ON PHOENIX TEXTILES

REF: STATE 010135

1. THE LONG AWAITED REPLY TO THE EMBASSY'S OFFICIAL NOTE OF NOVEMBER 13, 1975 TO THE GOM REGARDING THE STATUS OF THE PHOENIX TEXTILES PROBLEM HAS FINALLY BEEN RECEIVED (COPY POUCHED TO EUR/WE).

2. THE ESSENCE OF THE GOM'S REPLY OF MARCH 2, 1977, IS THAT THE GOM ACCEPTS NO RESPONSIBILITY IN THE MATTER. THE GOM NOTE STATES THAT THE LAWSUIT IS STILL IN THE COURTS AND IS "NOWHERE NEAR THE END OF THE CASE", AND THAT "PROGRESS IN RESOLVING THE ISSUE DEPENDS ALMOST ENTIRELY ON THE LIQUIDATORS OF THE DEBTOR COMPANY WHICH ...IS ITSELF CONTROLLED BY US CORPORATIONS."

3. THE EMBASSY BELIEVES THAT NEITHER THE GOM NOR THE LIQUIDATORS ARE INTERESTED IN REACHING A QUICK RESOLUTION OF THE ISSUE. THE LIQUIDATORS HOPE THAT US PRESSURE WILL FORCE THE GOM INTO A SETTLEMENT MORE ADVANTAGEOUS TO THE STOCKHOLDERS. ON THE OTHER HAND, THE GOM APPEARS ADVERSE TO PAYING THE DEBTS DUE THE AMERICAN CREDITORS (AS ASSUMED BY EXIM) DESPITE THE OFT-REPEATED ADMONITION BY
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THE EMBASSY THAT THE PHOENIX DEBT TO EXIM IS A MAJOR OBSTACLE TO ATTRACTING FURTHER US INVESTMENT TO MALTA.

4. A SATISFACTORY RESOLUTION OF THE PHOENIX TEXTILE PROBLEM WOULD ENHANCE THE REALIZATION OF USG POLICY TOWARD MALTA, I.E. THE PROMOTION OF PRIVATE US INVESTMENT AS A CONTRIBUTION TOWARD MALTA'S ECONOMIC INDEPENDENCE.

5. THEREFORE, THE EMBASSY WOULD APPRECIATE AN OPINION FROM EXIM ON THE UTILITY OF EXIM DISCUSSING WITH THE US STOCKHOLDERS OF PHOENIX TEXTILES THE POSSIBILITY OF EXPEDITING THE LIQUIDATION PROCEEDINGS, AS THIS APPEARS TO BE THE ONLY MEANS BY WHICH ANY ACTION MIGHT BE ACCOMPLISHED AT THIS STAGE. ALSO, IF ACCEPTED PRACTICE, PLEASE ADVISE WHETHER EXIM MIGHT APPOINT LOCAL MALTESE LEGAL COUNSEL TO PURSUE ITS CLAIMS AGAINST PHOENIX. LAINGEN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXTILES, DEBT REPAYMENTS, BUSINESS FIRMS, COURT DECISIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 14-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977VALLET00296
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
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Executive Order: N/A
Errors: N/A
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Format: TEL
From: VALLETTA
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770361/aaaacbqd.tel
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Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Previous Handling Restrictions: n/a
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Review Exemptions: n/a
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Review Release Date: n/a
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Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3113128
Secure: OPEN
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Subject: EXIM BANK CLAIM ON PHOENIX TEXTILES
TAGS: EFIN, EINV, MT, US, XMB
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Type: TE
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